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2 pointing to abstract contract terms. What we believe this
3 Commission needs to focus on is delivered performance,
4 demonstrated capability and stress-tested capacity. And it
5 is on the basis of reviewing the record from that standpoint
6 that it is clear that another week isn't going to help.
7 There is not going to be compliance with the competitive
8 checklist in a week's time.

9 VICE CHAIRMAN ANTHONY: Would you give us an
10 example of an item that you don't think a week could
11 materially make a difference?

12 MS. LAVALLE: There are many times. I think,
13 again, the process of collocation, I didn't hear any
14 proposal by Southwestern Bell that it is prepared to change
15 its process for collocation and how it responds, how it
16 prices out that collocation that it is prepared to do that
17 within the next week. I didn't hear them say that they
18 would give any greater certainty as to what that would
19 cost. Again on the cost issue, I don't believe there is any
20 way within the next week, unless we take overtime to new
21 dimensions, to actually have this Commission be able to make
22 a determination that any of the rates that Southwestern Bell
23 is charging for interconnection, and access, and unbundled
24 network elements are cost based. It is clear coming out of
25 the arbitration with AT&T that that issue was not reached,
and that issue cannot be reached in the next week.

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2 And I would refer you here in terms of why
3 that is important to look at the first, the second, and it
4 goes down the line in the competitive checklist, how does
5 cost based come in as a requirement. And it is an express
6 requirement in the 271 checklist that there be a
7 determination that interconnection, and access, and
8 unbundled network elements, reciprocal compensation, that
9 the rates set for those are cost based. That determination
10 has not been made. And that evidence is not in the record
11 either of the arbitration or of this 271 investigation. And
12 that can't be solved in seven days.

13 CHAIRMAN GRAVES: I thought we made an
14 interim finding as to the costs, subject to a true up. I
15 mean, they may be cost based. The problem is, nobody has
16 any really good numbers.

17 I guess my question is, you know, where is
18 everybody else in helping us to resolve these issues?

19 MS. LAVALLE: Exactly. And I think the point
20 is to go back to the Commission's actual order, which is
21 adopting the ALJ's finding that there has been no
22 determination as to the proper cost methodology that should
23 be adopted for purposes of setting the prices in the
24 AT&T/Southwestern Bell arbitration. And in fact the support
25 for having chosen the Southwestern Bell proposed prices,
Commissioner Graves, was actually that they were the higher

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2 of the two. And that it would be easier from that
3 standpoint if it turned out that they were wrong, which we
4 hope ultimately is the determination, that the ALJ thought
5 it was best and this Commission decided it was better to
6 start out with the higher numbers. And there is expressly
7 though a statement that there has not been any determination
8 that even the cost methodology, let alone those numbers, are
9 cost based. The problem is not that the numbers are
10 interim, the problem is that this Commission has not yet had
11 the opportunity to say that those prices, whether permanent
12 or interim, are cost based. There is no record for that.
13 And it certainly cannot happen in the next week.

14 CHAIRMAN GRAVES: How do we do that?

15 MS. LAVALLE: I think that has to be done
16 through the permanent cost proceeding.

17 CHAIRMAN GRAVES: So we just go home and in
18 three years come back and maybe then we will have
19 information enough to do this?

20 MS. LAVALLE: Well, Commissioner Graves, I
21 hope it wouldn't be three years. It is certainly - -

22 CHAIRMAN GRAVES: Some people want to
23 litigate each and every issue of these. I mean, it has been
24 suggested that we can't do any of this without witnesses and
25 all that other process. And that is certainly going to take
time if we're going to build a solid record upon which this

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2 agency can make a factual determination.

3 MS. LAVALLE: Absolutely. At this point,
4 Commissioner Graves, I think what we have is, in terms of
5 actual 271 compliance, there has not been the opportunity
6 for this Commission to make that determination that the
7 prices being charged are cost based.

8 CHAIRMAN GRAVES: Well, I understand that.
9 And my point is, if we are going to get that to that point
10 to make a determination that they're cost based, how long
11 does it take us to get there?

12 MS. LAVALLE: And I can only say that I hope
13 it is significantly less than three years. And AT&T from
14 its standpoint is committed to make sure that that process
15 is not unnecessarily elongated.

16 CHAIRMAN GRAVES: Well, I guess my question
17 is, is that a 30-day deal, is it a 60-day deal, is it an
18 18-month process, because I don't know.

19 MS. LAVALLE: One of the points raised in the
20 ALJ's report that was adopted by the Commission was that the
21 Southwestern Bell cost studies were still in progress. And
22 I can't answer for them when their own costs studies will be
23 ready to be introduced to support any particular rates that
24 Southwestern Bell is charging. So I can't answer for
25 Southwestern Bell.

CHAIRMAN GRAVES: Right.

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2 MS. LAVALLE: And from that standpoint,
3 therefore, would have no control over how long that process
4 might take.

5 CHAIRMAN GRAVES: But where is your company
6 in terms of helping us settle these out, because there has
7 been a great deal of concern about the numbers that were
8 suggested from your cost studies.

9 MS. LAVALLE: I think where we are today,
10 Commissioner Graves, is that we would be very interested in
11 agreeing. We have had approaches from other parties about
12 having some kind of a generic cost proceeding. We would be
13 very interested in sooner, and I mean much sooner than
14 later, sitting down and coming up with a procedural
15 schedule that the parties, and Southwestern Bell included
16 obviously, could agree upon to get those prices subject to
17 the kind of cost-based review that the Federal Act requires.

18 CHAIRMAN GRAVES: Can I ask? Is there some
19 intervening act that must occur before you all make that
20 request of other parties or the Commission?

21 MS. LAVALLE: Roger is shaking his head yes.
22 And - -

23 CHAIRMAN GRAVES: Well, I'm not talking from
24 Bell's perspective. I'm talking from your perspective.
25 Because if the notion is we have to get there, my point is
why haven't we done these things. Because a year and a half

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2 - - not a year - - about a year ago we had - - I had on a
3 courtesy visit the head of the local services unit for AT&T
4 sit down and say we are going to aggressively prosecute
5 this. We are going to file our application soon. We want
6 to get into the business in Oklahoma. We think the
7 worst-case scenario we can probably be there by summertime.
8 Now what I heard three or four weeks ago when this issue
9 came before us is that we are not anywhere close to that.
10 And the concern I have is, why aren't we?

11 I mean, when we had the arbitration we
12 thought we had settled most of those issues with the
13 understanding that cost was out there, but we were going to
14 find a way to get our hands around that. But as to the rest
15 of the sort of technical interconnection problems, we
16 thought we had resolved those issues. What I find out later
17 is that in fact there are new issues that are popping up.
18 And the concern is, when, if they cannot be resolved, when
19 are those issues going to be brought back here for some
20 resolution? I mean, quite frankly, it took this Commission
21 kind of raising the issue at the last hearing to get the
22 parties to even sit down and agree on a procedural schedule.
23 And I worry about not moving forward, perhaps, as fast as we
24 ought to in terms of finalizing these interconnection
25 arrangements.

MS. LAVALLE: And we have, I think, very

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2 positive news to report on that front. The first is, in
3 answer to your first question, Commissioner Graves, I don't
4 know of any event that AT&T is waiting for or insisting has
5 to take place before we can move forward in terms of a
6 permanent cost proceeding.

7 Secondly, in terms of actually reaching an
8 agreement, Southwestern Bell and AT&T, as Mr. Toppins
9 alluded to in his remarks, have come to an agreement on a
10 process and a schedule for getting an interconnection
11 agreement before this Commission for approval by July. And
12 that was the subject of a hearing this morning. My
13 understanding is that the parties have been asked to come up
14 with some kind of an agreed order to present to Judge
15 Goldfield so that we really can get that process on track,
16 because, frankly, a good deal is relying upon that process.
17 We have interconnection agreements out there between
18 Southwestern Bell and other parties that say, fine, we will
19 agree on these rates for now, but, you know, we will look to
20 the costs, the prices, that come out of the AT&T
21 arbitration.

22 And so we are very mindful of the need to
23 move forward expediently with that process. We are hoping
24 that through the process set up whereby the parties would
25 present to Judge Goldfield for determination all outstanding
issues, AT&T has already begun that process on April 8th.

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2 It filed a matrix. It filed a proposed interconnection
3 agreement. It pointed out where there was dispute, where
4 there was disagreement, and asked for determination of those
5 disagreements. We now have an agreement with Southwestern
6 Bell that we will have then a joint filing in effect. We
7 will have both parties filing and really identifying for
8 this Commission what are the outstanding issues, and let's
9 figure out a way in a streamlined fashion to get those
10 issues decided so that this Commission has in front of it an
11 interconnection agreement between AT&T and Southwestern
12 Bell.

13 CHAIRMAN GRAVES: At the conclusion of that
14 process, is it a reasonable assumption on my part that we
15 will have resolved all the issues standing in the way of
16 interconnecting AT&T and Southwestern Bell?

17 MS. LAVALLE: At the conclusion of that
18 process what we will have is, we hope, a resolution of all
19 disputes as to contractual language between the parties.
20 It is still going to be necessary to have the proposed
21 prices Southwestern Bell has subject to a cost proceeding.
22 There has not been any opportunity for this Commission to
23 put those prices to that test.

24 CHAIRMAN GRAVES: Well, I understand. And we
25 both agreed that we don't know how long it is going to take
to get to costing. Costing aside, - -

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2 MS. LAVALLE: Yes.

3 CHAIRMAN GRAVES: - - because there haven't
4 been cost issues raised, as I understand it, in the time
5 subsequent to our settling the arbitration or arbitrating
6 that process. You know, do you anticipate other, what I can
7 only describe as, technical issues, because they haven't
8 been brought us to yet, arising? Or is it simply a function
9 then of engineering the interconnection?

10 VICE CHAIRMAN ANTHONY: Well, I would like to
11 insert something in this historical review. We are sitting
12 here talking about these costs studies. And I would just
13 like to mention that in that rulemaking that we made that we
14 advertised was the first in the nation after the Federal
15 Act, there was a proposal made a few months before that that
16 I made and filed. And it would have required that the cost
17 information be developed. I wouldn't look at the people in
18 this room and point a finger that somebody might want to
19 litigate something endlessly. If we were committed to being
20 first in the nation, we had an opportunity to pursue that.
21 But I think what we did decide then was that we didn't want
22 to be first in the nation, we wanted to be a fast second.
23 And, anyway, I think it is incorrect to look around the room
24 and accuse people of it being their fault that the cost
25 studies aren't available today.

I just thought I would throw that in. It is

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2 not really a question for you. If you can get back on your
3 train.

4 CHAIRMAN GRAVES: If I could get back to my
5 question then.

6 VICE CHAIRMAN ANTHONY: Please do.

7 CHAIRMAN GRAVES: At the conclusion of that
8 process, can you - - is it simply a function of costing
9 aside of actually constructing the physical interconnection?

10 MS. LAVALLE: My understanding is that we
11 have resolved all technical issues through the process that
12 has been agreed to between AT&T and Southwestern Bell. That
13 is certainly our intention.

14 CHAIRMAN GRAVES: Okay. Thank you. Thank
15 you.

16 VICE CHAIRMAN ANTHONY: Well, I have got a
17 general question on this whole process. In Mr. Toppins'
18 remarks, he mentioned that the FCC would consult with the
19 state. The word "policy determination" has been discussed.

20 I want to know your understanding of our
21 legal role in this process. Are we supposed to look at the
22 fourteen points and go through them and make some sort of a
23 factual determination as to whether they have been complied
24 with or not and then exercise our right to communicate and
25 consult that to the FCC? Or are we entitled to say we are
not so concerned directly with the fourteen points, maybe we

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2 just want this process to go on, and so say let it go on?

3 Legally do we have the right under this
4 process to do that? Or do you think that is an abrogation
5 of our role?

6 MS. LAVALLE: My understanding of the role
7 that the Commission has is that it acts as a consultant, so
8 to speak, to the FCC on whether or not there has been
9 compliance with 271. That consulting role has two aspects
10 to it. One, it is asking this Commission to weigh in on
11 whether or not Southwestern Bell has met the section of 271
12 called facilities-based competitor. And it has also asked
13 for this Commission to weigh in on whether or not the
14 competitive checklist has been complied with. And I think
15 that you raise a good question which is, is this Commission
16 required at this juncture to go through each of those
17 fourteen competitive checklist points and say here is how we
18 think Southwestern Bell is progressing as to each of those.
19 And it - - I was really planning on raising at the end, but
20 I think I'm going to go ahead and jump right to it, and that
21 is the issue of how much does this Commission need to say
22 and what is our position on whether Judge Goldfield has said
23 enough, has said too much, has said too little. And our
24 understanding and our belief is that he has hit it just
25 right.

What he has done is he has made specific

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2 findings that Southwestern Bell has not met the
3 facilities-based competition requirement because, and this
4 much is undisputable, Brooks Fiber is not providing
5 facilities-based service to residential service customers in
6 Oklahoma. (Aside.) Actually I would go to the last one.

7 And then on the second point, what Judge
8 Goldfield did was to look at the competitive checklist and
9 cite examples of where there had been a failure to show
10 satisfactory compliance with the competitive checklist. And
11 he did that by way of example only.

12 And so in response to your question, do you
13 need to go through all of the competitive checklist items
14 and make a finding as to each one, I guess I would just
15 propose to you an image that I hope is helpful. And I don't
16 usually bring my three year-old into regulatory proceedings.
17 But I hope this illustration helps.

18 My three year-old is passionate about ice
19 cream. He is as passionate about ice cream as Southwestern
20 Bell is about long distance. And he has on occasion asked
21 me at breakfast time whether or not he can have ice cream.
22 And if it is breakfast time and the dessert is long distance
23 and Southwestern Bell is making the request, I think the
24 answer is simply that we don't eat ice cream for breakfast.
25 And I think that is the position that this Commission is in
at this juncture, is that Southwestern Bell has not meet

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2 even the threshold facilities-based provider requirement,
3 and, therefore, I think all that this Commission need do,
4 and the way in which it could fulfill its role as a
5 consultant so to speak to the FCC, is to note that based on
6 the undisputed facts, and then also to say by way of example
7 where there had been clear failures on the competitive
8 checklist to meet that point. And we believe that it is
9 only when the request for ice cream or dessert comes at
10 dinner time that this Commission need go through an
11 exhaustive and comprehensive list.

12 If Southwestern Bell comes in claiming that
13 it is has eaten a nutritious dinner and that it has a wide
14 and conspicuous milk mustache on and claims it belongs to
15 the clean plate club, then at that point if the Commission
16 disagrees, I think it would need to - - perhaps Southwestern
17 Bell would deserve at that point a different quality of
18 response where you would actually have to take each
19 competitive checklist and say where you have found it to be
20 waning.

21 Our very great concern at this juncture in
22 terms of what do you do if you do conclude, as we hope you
23 will, that this application is very premature, what do you
24 do if you think that it is designed, at best, to test the
25 lower limits of 271 compliance, how much do you say, and
what do you do about the reality that Southwestern Bell

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2 obviously realistically will be back.

3 And I think the point that we want to
4 emphasize is it would be very dangerous with all that is up
5 in the air at this point with Cox having just entered into a
6 interconnection agreement with Southwestern Bell, with
7 Brooks Fiber still struggling to get collocation
8 arrangements in place, to understand where it stands
9 economically in being able to offer a broader-based
10 facilities-based competition in Oklahoma, it will be very
11 dangerous at this point to do anything to curb Southwestern
12 Bell's appetite. And that would happen if the Commission
13 decides prematurely before there is a clear record of
14 compliance under 271 if this Commission were to decide
15 prematurely that Southwestern Bell has somehow met the
16 requirements.

17 We are very, very concerned that Southwestern
18 Bell not have any reason to back away from the table. I
19 think that the timing would be particularly unfortunate if
20 that were to happen. There is too much at stake. There is
21 too much promise built into facilities-based competition in
22 the Federal Act. We are very concerned that this Commission
23 take advantage of the promise in the Federal Act and that it
24 not, in terms of the public interest factors that
25 Southwestern Bell has recognized, I don't think it is as
important to say how you rank in terms of order as it is to

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2 be able to go back to the consumers of this state and say we
3 took full advantage of the competition-enabling provisions
4 of the Federal Act. And, frankly, the Commission would not
5 be able to do that if it gave a positive recommendation on
6 Southwestern Bell's application as it now stands.

7 There are a couple of specific findings in
8 Judge Goldfield's report that I want to talk about and show
9 that there is a unmistakable support for in the record. The
10 very first one is an issue raised by Southwestern Bell. It
11 says that it believes that it has satisfied Track A. But it
12 now says, well, if we haven't satisfied Track A, there is
13 also Track B. And on that basis it makes a request today,
14 which I did not hear it make to Judge Goldfield, and that is
15 could we please have a ruling that our Statement of
16 Generally Available Terms is in effect. And I'm not sure
17 precisely what they mean by that.

18 By the mere passage of time that Statement of
19 Generally Available Terms is as a matter of law from a
20 technical standpoint in effect. It has not had any active
21 determination that it is an approved Statement of Generally
22 Available Terms under the standards that this Commission
23 would have to review in order to make that determination.
24 That was obviously not the focus of this 271 proceeding. I
25 think that request comes too late in the progress of events.
And based on the unmistakable evidence in the record, I

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2 think it would be - - it would be an error to look at
3 abstract contract terms in a Statement of Generally
4 Available Terms rather than looking at actual performance,
5 going back to what do you do, what kind of compliance should
6 this Commission be concerned about with the competitive
7 checklist.

8 And the controlling language out of the Act
9 is this. Under Section 271(d)(3) what the FCC is looking
10 at, it says it will not - - it shall not approve an
11 application for 271 relief unless it finds under Track A
12 that Southwestern Bell has fully implemented this
13 competitive, or, alternatively, if it is a Track B case,
14 that it has generally offered a Statement of Terms in
15 compliance with that competitive checklist.

16 Well, it is absolutely clear in the State of
17 Oklahoma that we are on Track A. This is a Track A
18 proceeding. Why is that true? That is true because if you
19 look at the alternative, a Track B proceeding, and look at
20 the circumstances under which Track B is available. And for
21 lack of a better way of describing it, I think of Track B as
22 the option where there is a basically a lack of interest.
23 And the title of Track B, in fact, is failure to request
24 access. Well, there has not been a failure to request
25 access in the State of Oklahoma. In fact, I think you could
say quite the opposite. There has been a great deal in the

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2 way of expressions of interest and giving reality to
3 facilities-based competition. And so because that is the
4 only pathway to get on to Track B and rely on - - they
5 believe on Track B they could rely on abstract contract
6 terms, I don't agree with that, but the overall point is
7 that Track B is not available. Judge Goldfield is right.
8 That is just completely irrelevant to these proceedings, as
9 is its Statement of Generally Available Terms.

10 CHAIRMAN GRAVES: Ms. LaValle, how do you
11 define fully implemented?

12 MS. LAVALLE: I define fully implemented by
13 looking at the legislative history, the conference report
14 that comes out of and led to the passage of the Federal Act.
15 And what it says, it is looking for commercial operation.
16 And I think that is just a critical point for purposes of
17 the kind of role that this Commission has. What do you want
18 to use as your guiding light, your beacon, to decide whether
19 or not a particular checklist item is fully implemented or
20 whether it is being provided by Southwestern Bell.

21 And I think it would be useful at this point
22 to quote from an observation that was made by Joel Kline,
23 the Acting Assistant Attorney General with the Department of
24 Justice. It is a wonderful quote. He was addressing the
25 very issue that you have just raised, which is what does it
mean to say that a Regional Bell Operating Company is

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2 providing interconnection and access in compliance with the
3 competitive checklist. What does it mean to say that it is
4 fully implementing that checklist. And after noting that we
5 are in a time of transition in which the bugs do need to be
6 worked out of the system, what Joel Kline said was, quote,
7 "Using a metaphor that I have become quite fond of, we just
8 want to make sure that gas actually can flow through the
9 pipeline; and the best way to do that is to see it happen."

10 Well, the gas is not flowing through the
11 pipeline yet in Oklahoma. There are very, very promising
12 signs about the future of facilities-based competition, but
13 we are not there yet. We have not seen a single order
14 filled for an unbundled network element. As I have
15 mentioned, you have not seen a single provisioning of an
16 unbundled loop. There really has not been a record - -

17 CHAIRMAN GRAVES: On that point, how many
18 have been requested?

19 MS. LAVALLE: The undisputed evidence is that
20 Brooks Fiber is itching to place unbundled loop orders. And
21 what the impediment, the blockade, to its ability to do that
22 is that it has been bogged down in collocation problems with
23 Southwestern Bell. Like as I mentioned, they are now ten
24 months in the running of trying to get that collocation
25 arrangement set up. There were very, very strong statements
made by Brooks Fiber on cross-examination that its preferred

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2 method of serving customers in the State of Oklahoma is
3 through unbundled loops and that an impediment to being able
4 to do that, there are obviously other economic issues, it,
5 too, wants to know that these rates are cost based. But the
6 impediment that it cites is the fact that there is not a
7 process for collocation that gives them the kind of
8 certainty that allows you to make the investment decisions
9 that a company like Brooks Fiber and many others will need
10 to make in order to get access to those unbundled loops.

11 COMMISSIONER APPLE: Ms. LaValle, let me
12 refer to your metaphor there.

13 How do you characterize, or explain or define
14 "can" in that statement there? The word "can."

15 MS. LAVALLE: Okay. I think what that word
16 "can" means, "can flow" means, that, and you have seen again
17 going back to terms I have raised earlier, you have seen an
18 actual delivery, you have seen demonstrated capability. You
19 have seen it also stress tested in terms of capacity. What
20 we are very concerned about is that this Commission focus on
21 an actual operational readiness and ability rather than just
22 be consumed with what I believe Southwestern Bell would like
23 to put the emphasis on, which is abstract contract terms.

24 What are the dangers of not looking to
25 whether or not you have that capability and capacity? The
best example I can give you is in the OSS area, in the

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2 Operations Support and Services area. And that falls into
3 checklist item number 2. The FCC has found unbundled
4 network elements, among them to be OSS, the Operations
5 Support Services. And the - - And so there was a great deal
6 of attention paid in the development for the 271 to where
7 Southwestern Bell stands on that particular issue. And the
8 testimony that AT&T introduced was about how at what early
9 development stages the two parties are on many of those
10 issues. And what is cited in that testimony as well in
11 response to your question is that in other states even when
12 they have thought they were at that developmentally, that
13 they had passed the development stage and were in to testing
14 so you could see whether or not it can flow. What they have
15 found was that the systems didn't have the ability to handle
16 the kind of volume that we hope optimistically that those
17 Operations Support Systems will see when there is an influx
18 of greater local service competition.

19 And so "can flow" means not only - - not just
20 that it is theoretically available, not just that they have
21 a pledge that they will make it available, but that there be
22 an actual demonstrated capacity in the record before you
23 before you reach that conclusion.

24 CHAIRMAN GRAVES: So what's the - - I'm
25 sorry.

COMMISSIONER APPLE: Well, my follow up

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2 simply is, is that you're saying it is a quantitative factor
3 not an if/or?

4 MS. LAVALLE: Uh-huh. I don't know. I'm not
5 suggesting that there is a magic number to how many orders
6 it would have to be able to handle. I think where we are
7 today in being able to answer that question is that even on
8 the onesies and twosies basis that Brooks Fiber has placed,
9 for example, orders for interim number portability, what we
10 have seen are failures. And because of that, we are not yet
11 at the point of somebody coming back and saying, well, you
12 can handle a thousand orders a day, how do you do with
13 10,000. We are just not there yet in this process. We
14 really are not trying to suggest that there is a magic
15 number, that there are in terms of what those systems would
16 be able to handle, all we can say is at this point, even by
17 Southwestern Bell's own affidavits filed with the FCC, we
18 can clearly see, again using the OSS example, that they're
19 not yet there.

20 And the one I would refer you to on the OSS,
21 the affidavit of Elizabeth Ham that Southwestern Bell filed,
22 says that SWBT, and this is a quote, "is developing an EDI
23 interface to receive and process CLEC requests for UNES."
24 Well, my emphasis here is on the "is developing." It is
25 clear that it does not yet exist.

In that same affidavit Southwestern Bell

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2 talks about its commitment to OSS systems, for example, and
3 capability, and says that, gee, we have got 7.5 million in
4 our budget for 1997, and it says to include continuation of
5 their efforts in providing access to Southwestern Bell's OSS
6 function. If you compare that 7.5 million to what they say
7 they have spent in the past, which is significantly less,
8 what comes back to you is a very clear impression and
9 support for AT&T's position that there is still a good deal
10 left to be done.

11 We are in the very early steps of something
12 like, using an example, the Operators Support System. We
13 are still at the development stage. We need to really be
14 into that testing. You need to have seen successful testing
15 of that system. Otherwise, what is going to happen is that
16 you are going to have false starts in the marketplace. You
17 are going to have AT&T and others trying to place orders and
18 having it kicked back, having failures that are going to
19 result in poor customer perceptions at the earliest stages.
20 And we all know that a good first impression is critical.
21 And so that's why we're concerned that there be actual
22 demonstrated capability, that you see the gas flowing.

23 And I think Judge Goldfield made that point
24 on OSS in his report as well. He tried to give some
25 perspective to where we are time-wise on some of those
issues, and pointed to the attachment to this Commission's

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2 arbitration order, which is an implementation schedule for
3 OSS, which forecasts out some steps in that OSS process to
4 at least July of this year. And it was based - - it was an
5 adoption of a Southwestern Bell exhibit that set forth that
6 implementation schedule.

7 There is nothing in the record to suggest on
8 the OSS issue that Southwestern Bell is somehow ahead of
9 schedule. It is with this issue in particular that I think
10 that we are all, as new entrants, very concerned that there
11 be demonstrated capability.

12 CHAIRMAN GRAVES: So how long to complete
13 that time line?

14 MS. LAVALLE: To complete that - -

15 CHAIRMAN GRAVES: From your perspective. How
16 long until you are satisfied that you meet the operational
17 readiness testing required for AT&T to move into the local
18 market?

19 MS. LAVALLE: I wish I could say that that
20 was within our control, but it is not.

21 CHAIRMAN GRAVES: Well, you obviously have
22 certain standards you are shooting for. Obviously you don't
23 want to get into false starts in the market. So, I mean, is
24 your goal to be able to move, you know, one customer a day,
25 100 customers, 1,000? And how long until you think we are
there?

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2 MS. LAVALLE: Well, how long we think we're
3 there is when we actually have up and running testing,
4 operational testing, that Step 7, with Southwestern Bell.
5 And I can't say today, Commissioner Graves, that we have a
6 firm commitment or agreement as to what that date would be.
7 What I can tell you is that on Operational Support Systems
8 for unbundled network elements the parties are still at the
9 point of requirements definitions, trying to get further
10 definition and development, system development to make those
11 systems available. And so I have got a very grave concern
12 about trying to give you a precise date by which I think
13 Southwestern Bell will have met that particular competitive
14 checklist requirement. But obviously - -

15 CHAIRMAN GRAVES: So you don't have a
16 particular standard that you are shooting for in terms of
17 your operational efficiencies?

18 MS. LAVALLE: Well, I think the standard that
19 we are shooting for is the one that is in the Federal Act,
20 and that is parity. And that would be that we want to have
21 the same ability to offer our customers what they have grown
22 to expect in the way of response in preordering, ordering.

23 CHAIRMAN GRAVES: And I understand. And the
24 problem comes in in putting some specifics on the use of the
25 word "parity," - -

MS. LAVALLE: Sure.

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2 CHAIRMAN GRAVES: - - because we all have
3 value judgments, I guess. And we want to assign certain
4 values to some things that other people may not assign. And
5 that is what I'm wrestling with here, because what I don't
6 want to get into is a situation where somewhere down the
7 line somebody says, well, it is really not quite good
8 enough, it is just not quite good enough, they haven't
9 really met the obligations here.

10 At some point when do we say we have met a
11 reasonable basis? Because I'm sensing here that we have got
12 - - obviously we have needs that you have got to have
13 certain technical needs, and you have certain technical
14 wants, you would like to have all these other kind of
15 services and if they're not giving them to me, well, it
16 doesn't sort of meet my operation rounding. How do we avoid
17 getting in a game where one side or the other can play those
18 definitions off against one another and we never get to some
19 final end point and go forward. And that is what I'm
20 struggling with. What are the sort of standards you are
21 looking at? And based on your understanding of where
22 technology is developing, is this something that can
23 probably be, if they made a good-faith effort, they could
24 knock out in six months? Is it something that best-case
25 scenario is you can do it in 30 days, or is a two, three,
five year process?